CBI MARKET SURVEY

The Natural Stone and Stone Products market in Belgium

Publication date: July 2007

Report summary

This CBI market survey discusses the following highlights for the natural stone market in Belgium:

- Consumption of all product groups increased resulting in an 11% growth of the value of finished stone products between 2002 and 2004. Following these developments Belgian production of finished stone products, in terms of value, increased by 13%.
- Belgian imports have risen by 37% between 2002 and 2005. This growth is mainly due to an increase in import of finished stone products.
- The market share of developing countries increased from 46% to 62% between 2002 and 2005. The most important supplying countries are China (25%), India (14%), South Africa (6%), Vietnam (6%) and Turkey (6%).

This survey provides exporters of natural stone with sector-specific market information related to gaining access to Belgium. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The Natural Stone and Stone Products Market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo

Note: In the chapters about consumption and production, we refer to 3 product groups:

- Blocks and Slabs
- Landscape Design
- Monumental and Funeral

The last group (Monumental and Funeral) is an aggregate of 2 sub products groups that will be addressed separately in the Import/ Export section: Flooring and Cladding and Funeral and other arts. For more explanation about the product group segmentation, please refer to the Appendix A of the CBI market survey 'The Natural Stone and Stone Products Market in the EU'.

1 Market description: consumption and production

Consumption and industrial demand

- In 2004, the Belgian consumption of natural stone represented 866 thousand tonnes, of which 733 thousand tonnes of finished products with a total of € 254 million.
- Belgium is one of the smaller EU consumers of natural stone ranking ninth with 1% of the total EU consumption in quantity. Italy and Spain are the biggest with respectively consuming 30% and 19% of the EU total. Other small consuming countries with 1% market share are: Denmark, Austria and Denmark. In terms of value, Belgium accounts for 3% of the EU consumption.
- As the table 1.1 shows, most of the consumption growth of natural stones products was realized in the year 2004.
- Between the years 2002 and 2004, the Belgian consumption of finished products increased in volume as well as in value. Remarkable however is that the volume increased by almost 43% and the value by 11%. In other words the average price of finished stone products has dropped. The main reason for this development is the drop of prices in the product group Landscape Design.
- However because of the intense competition the average price of Monumental and Funeral dropped, explaining why the increase in volume (38%) was bigger than value

(12%). In the product groups Landscape Design however value did grow more than volume; 59% and 53% respectively.

Table 1.1 Belgian consumption split into product categories 2002 - 2004, value in € million; volume in 1,000 tonnes

	2002		2003		2004	
Product group	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**
Blocks and Slabs	57	n.a.	72	n.a.	133	n.a.
Landscape design	161	17	195	24	246	27
Monumental and Funeral	353	203	375	196	487	227

Source: Eurostat (2006)

- The Belgian economy is expected to grow by 2.3% in 2007 and 2.2% in 2008.[1] The Belgian building sector is expected to have a strong growth in 2007, however not as strong as in 2006. The realisation of new buildings will show a small decline because of government cuts. On the other hand, financial incentives from the government are expected to have a positive influence on the renovation on existing buildings.[2] Because of these developments the consumption of natural stone is expected to keep on growing steadily in 2007 and the coming years.

Market segmentation

The Belgian market can be divided into the following segments of users of natural stone:

- Building industry: using natural stone in a wide variety of applications for interior design as well as exterior coverings. The building industry is by far the biggest consumer of natural stone in Belgium.
- Natural stone processing industry: processes blocks and slabs of natural stone into finished products to supply to the market segments below. Although the industry has declined over the year, it still plays an important role in the Belgian market.
- Funeral industry: is a large retail sector that sells funerary art like tombstones, gravestones and urns to the consumer. Natural stone for funeral art is very common in Belgium and therefore the industry is a large consumer.
- Other retail (consumer market): include garden centres and interior design sector.

Unfortunately it is not possible to give accurate market share figures of the individual segments as exact figures are missing.

Trends consumption

- New extraction technologies and the large supply of natural stone have made the average prices drop. Therefore, in Belgium, natural stone is becoming a more affordable and sustainable alternative for products like wooden floors and floor carpets. This development has an effect on the consumption of products like tiles for flooring and cladding.
- The population of Belgium is slowly ageing. A long-term result will be an increased demand for funerary art (i.e. tombstones and urns). Moreover, the ageing part of the population is substantially wealthy, something that can have an influence on the consumption of natural stone in one form or another (interior design, art or gardens).
- The most popular colours for tiles and other decorative stone products are brown tones in addition to cream and beige. Furthermore, for these products there is an increasing demand for bigger sized products (e.g. bigger tiles).

[1] Source: European Commission
[2] Source: De Standaard

Production

- Data implies that Belgium does not extract any natural stones. It does however process imported natural stone to make finished stone products.
- In 2004, the Belgian production of natural stone represented 660 thousand tonnes of finished products with a total of € 230 million.
- Belgium is a small producer in the EU accounting for 1% of the total volume and 3% of the total value of the EU production of finished products. In terms of value the biggest EU producers are: Italy (44%), Spain (23%), France (7%) and the United Kingdom (6%).
- Both the volume (20%) and value (13%) of the Belgian production of finished product has grown when comparing 2002 to 2004. The big difference between the increase in volume and value shows that the global decrease of prices of natural stone products has also affected the Belgian market (See table 1.2).

Table 1.2 Belgian production split into different product categories 2002 – 2004; value in € million; volume in 1,000 tonnes

	2002		2003		2004	
Product group	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**
Landscape design	361	28	375	29	399	32
Monumental and Funeral	189	175	189	174	261	197

Source: Eurostat (2006)

- Both product groups have shown an increase in value when comparing 2002 to 2004; Landscape Design by 14% and Monumental and Funeral by 13%. However in terms of volume the former grew by 11% and the latter by 38%. This means that the average of Landscape design products has gone up and that of Monumental and Funeral products has dropped. As the numbers show, the growth was mainly realised in 2004.
- The Belgian natural stone processing industry still plays an important role despite of the fierce competition especially from suppliers from developing countries. Furthermore developments in Belgian economy and the construction sector will likely have positive effect on the production of Belgian natural stone.
- Listed below are some interesting players on the Belgian market active in the production of natural stone:
  - Brachot-Hermant: a quarry-owner, manufacturer and wholesaler in natural stone. It has an extensive product range of slabs and tiles for various applications: http://www.brachot.be/
  - Carrieres du hainaut: the largest blue stone producer in Belgium. Is one of the forerunners of environmentally sound produced natural stone: http://www.carrieresduhainaut.com/
  - Steenhouwerijen: website with natural stone processing companies throughout the region of Flanders in Belgium: http://www.steenhouwerijen.be/

Developments

- One of the trends in the field of production is the increased outsourcing of natural stone processing to countries with lower wages. Especially Funerary and Other Art mainly comes from countries like China and India now.

Opportunities and threats

+ Belgium has a very stable and steadily growing natural stone market. This provides a safe business and investment climate for newcomers to the stone market.
+ The natural stone market in Belgium is expected to keep on growing in coming years
+ Global warming and environment are popular topics at the moment in Belgium. Efficient and environmentally sound extraction will not only reduce costs but also be a good marketing tool for creating a competitor advantage.

- Because of its limited market size, Belgium represents only limited market openings for exporters from developing countries.
- The average price of Monumental and Funeral products, the most important product group, has dropped over the years. This poses a threat to suppliers from developing countries.

Note that the above mentioned opportunities and threats do not necessarily apply to your situation. Therefore, please use the developments and trends discussed in the previous chapters to make your own analyses. Let that determine whether the above mentioned opportunities and threats apply to your situation. For an example of such an analysis, please refer to chapter 7 of the CBI market survey 'The Natural Stone and Stone Products Market in the EU'.

Useful sources

- Technipierre 2008 tradeshow: http://www.technipierre.be/pdf/TECHNIPIERRE_2008.pdf
- Building tradeshow: http://www.batibouw.com/en/Batibouw_2007.htm
- Pierres et Marbes de Wallonie Association: association of stone quarries throughout the Walloon region in Belgium: http://pierresetmarbres.be/

2 Trade channels for market entry

Trade channels

The most important trade channels in Belgium are:

- Wholesaler/importers: buy their natural stone directly from supplying countries. The market is dominated by a few large companies.
    - Beltrami: http://www.beltrami.be/
    - Belgium Marble and Granite companies: http://www.bmb.be/
- Retailers: mainly buy from wholesaler/importers; however large retailers are also known to buy from supplying countries directly.
    - Courtois: http://www.courtois.be/
    - Crul Nature Stone: http://www.crul.be/
- Natural stone processing industry: buys from wholesalers/importers or depending on the size of the company directly from supplying countries. After processing these companies mainly supply to retailers and consumers.
    - Haker nature stone: http://www.hakernatuursteen.nl/
    - V.V.D.B. (natural stone processor for funerary art): http://www.grafzerkenvvdb.be/
- Other: major companies (e.g. building) or governmental organisations buying directly from supplying countries for large building projects.
    - Belgian Federal Building Agency: http://www.buildingsagency.be/
    - CFE (biggest Belgian building company): http://www.cfe.be/cfe/ewcm.nsf

- For various trade channels it is becoming more common to get natural stones directly from the supplying country instead of buying it from importers. By doing business directly with the users in Belgium, producers can increase their margins.
- Because the natural stone processing industry in Belgium is declining, Belgian retailers are increasingly buying finished products from wholesalers/importers.

Price structure

Throughout the various trade channels, different prices and margins apply. The different prices per trade channel in the EU are almost identical in the different EU Member States. Therefore, please refer to chapter 3 of the CBI survey 'The Natural Stone and Stone Products Market in the EU' for an overview of prices and margins.

Selecting a suitable trading partner

- Wholesalers/importers and other importing parties in Belgium usually deal with agents in the supplying country. These agents find producers and compare the quality and prices of the product keeping in mind what is requested by the importers in Belgium. Therefore, producers will have to get in contact with the agents in their own country in order to access the Belgian market.
- It is of course possible to establish a direct relationship with importers in Belgium. These are usually the bigger importing parties with long-term plans and able to afford the extra costs of a direct relation (e.g. travel costs, translators). In some cases they are interested in investing in more efficient extraction technologies in developing countries making it profitable for both parties.
- Listed below are interesting websites where you can find possible trading partners:
    - Nature Stone site with database on natural stone companies in Belgium: http://www.natuursteen-be.com/
    - Building sector website (including links to important building sites): http://www.cobosystems.be/ ➔ go to databank ➔ go to "bouwlinks"

3 Trade: imports and exports

Imports

Total imports

- Belgium imported about € 252 million worth of natural stone in 2005. This comes down to approximately 1.1 million tonnes of natural stone.
- Belgium is a middle-sized EU importer ranking sixth accounting for 8% of the total value of EU imports. Italy is the biggest with 17%. Other important EU importers are the United Kingdom (15%), France (13%) and Spain (9%). Eastern and Northern European countries are generally lower on the list. For example, Lithuania only accounts for 0.3% and Sweden 0.7%.
- Belgian imports have grown every year with at a steady pace (see table 3.1). Remarkable is that the volume nearly grew twice as much (62%) as value (37%) between 2002 and 2005. This shows that the average price of imported natural stone has gone down.

Table 3.1 Belgian imports between 2002 - 2005; value in € million; volume in 1,000 tonnes

2002		2003		2004		2005		Value '05/'02
Volume	Value	Volume	Value	Volume	Value	Volume	Value	
689	184	832	201	1,016	229	1,121	252	+37%

Source: Eurostat (2006)

- The growth of imports (30%) of finished products between 2002 and 2004 cannot be fully explained by the increase in consumption (11%). Over the same period exports grew with 27% while production only grew with 13%. Therefore, it is safe to say that Belgium has been re-exporting more imported finished products over the years.
- EU countries have a market share of 35% of the total value of Belgian imports. This comes down to more than € 87 million with a volume of over 309 thousand tonnes. The most important intra-EU suppliers in value are: Italy (8%), Spain (7%) and France (5%). Intra-EU imports dropped with 2% between 2002 and 2005.

- Within the Belgian import figure in 2005, more than € 155 million (62%) came from developing countries with a volume of more than 754 thousand tonnes (67%). Please find below a table with the most important developing countries supplying to Belgium:

Table 3.2 Most important developing countries supplying to Belgium in 2005

Developing country	Value (in € million)	% of Belgian imports	Value '05/'02
China	63	25	+191%
India	36	14	+56%
South Africa	15	6	-6%
Vietnam	15	6	+90%
Turkey	13	6	+125%
Brazil	10	4	+21%

Source: Eurostat (2006)

Imports by product group

Table 3.1 Imports by and leading suppliers to Belgium 2002 - 2005, share in % of value

Product group	2002 € mln	2003 € mln	2004 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
Total natural stone:						
Intra EU	889	83	83	87	Italy (8%), Spain (7%), France (5%), Germany (4%), The Netherlands (3%)	**34%**
Extra EU	10	12	12	9	Canada (2%), Norway (1%), Israel (0.2%), USA (0.1%)	**4%**
DC*	85	106	134	155	China (25%), India (14%), South Africa (6%), Vietnam (6%), Turkey (5%), Brazil (4%), Indonesia (0.3%), Tunesia (0.2%), Egypt (0.2%), Thailand (0.2%)	**62%**
Funeral and other art:						
Intra EU	31	27	27	29	Italy (11%), France (6%), Finland (4%), Germany (4%), Spain (4%)	**35%**
Extra EU	0.7	0.4	0.3	0.2	Israel (0.1%), USA (0.1%), Bulgaria (0.03%), Romania (0.02%), Norway (0.01%)	**0.2%**
DC*	28	33	44	54	China (35%), India (15%), Vietnam (7%), Turkey (6%), Indonesia (1%), Brazil (0.5%), Thailand (0.4%), Tunesia (0.2%), South Africa (0.2%), Philippines (0.2%)	**65%**
Flooring and Cladding:						
Intra EU	36	37	34	36	Spain (19%), Ireland (8%), Italy (7%), Germany (4%), Portugal (3%)	**50%**
Extra EU	5	6	6	6	Canada (7%), Norway (1%), Israel (0.4%), USA (0.3%), UAE (0.1%)	**9%**
DC*	13	16	23	29	China (11%), Vietnam (9%), Brazil (7%), Indonesia (6%) Turkey (5%), Lebanon (0.5%), Croatia (0.4%), Uruguay (0.3%), South	**41%**

					Africa (0.3%)	
Blocks and Slabs:						
Intra EU	18	15	16	18	Italy (9%), France (8%), The Netherlands (5%), Germany (3%), Spain (3%)	**31%**
Extra EU	5	6	5	3	Norway (5%), USA (0.1%), Romania (0.1%), Israel (0.1%), Canada (0.1%)	**5%**
DC*	29	35	36	36	South Africa (26%), India (20%), Brazil (8%), China (7%), Turkey (2%), Vietnam (1%), Zimbabwe (0.4%), Egypt (0.3%), Argentina (0.3), Tunesia (0.1%)	**64%**
Landscape design:						
Intra EU	4	4	5	5	The Netherlands (7%), Germany (2%), France (1%), United Kingdom (1%), Portugal (1%)	**11%**
Extra EU	0.2	0.9	0.2	0.2	Israel (0.4%), Bulgaria (0.1%), Singapore (0.03%), Japan (0.01%), Romania (0.01%)	**1%**
DC*	14	21	31	36	China (55%), India (18%), Turkey (8%), Vietnam (4%), Brazil (1%), Tunesia (0.6%), Thailand (0.3%), Argentina (0.3), Egypt (0.2%), South Africa (0.1%)	**88%**

Source: Eurostat (2006)
*Developing Countries

- Imports of all product groups have increased between 2002 and 2005. However the imports of finished products has seen the most growth; Landscape Design (126%), Funeral and Other Art (38%) and Flooring and Cladding (33%). The import of Blocks and Slabs increased by 9%.
- The most important product imported in the product group Intermediate Products in 2005 was siliceous blocks and slabs (€ 46 million). For the product group Finished Products, the most imports come from the products siliceous funeral art (€ 44 million), setts, curbstones and flagstones (€ 41 million) and slate monumental building stones (23 million).
- The overall market share of developing countries has grown from 46% to 62% between 2002 and 2005. Developing countries are now the biggest supplier of natural stone for Belgium and it is expected that this growth will extend into the future. In contrast to Intra and Extra-EU countries, the market share of developing countries has increased in all product categories.

Exports

- The value as well as volume of Belgian exports have gone up between the years 2002 and 2005. Remarkable is that volume (43%) has increased almost twice as much as the value (24%). In other words, Belgium is exporting more quantity at a lower price (see Table 3.3).

Table 3.4 Belgian export of natural stone 2002 – 2005; Value in € million; volume in 1,000 tonnes

2002		2003		2004		2005		Value '05/'02
Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**	
675	160	755	169	810	189	962	199	+24%

Source: Eurostat (2006)

- Belgium is the fourth largest exporter in the EU accounting for 5% of the total value of EU exports. The EU market knows just two large exporters namely Italy (46%) and

Spain (24%). Other medium sized exporters are Portugal (6%), Germany (3%) and France (3%). The new EU Member States[3] hardly make an impact with only Poland and the Czech Republic accounting for 1% each of the total EU exports.

Opportunities and threats

+ Developing countries are the most important suppliers to Belgium. By having a secure position in the Belgian market, exporters in developing countries can establish long-term business relationships. This will enable them to implement measures to improve efficiency, logistics, service and/or attract foreign investors.
+ Increasing imports and re-exports by Belgium of finished stone products will especially benefit suppliers from developing countries.
- The decrease of prices of intermediates and finished products has had a big impact on the Belgian market. Because of the increasing competition it is expected that this development will continue into the future.

Note that the above mentioned opportunities and threats do not necessarily apply to your situation. Therefore, please use the developments and trends discussed in the previous chapters to make your own analyses. Let that determine whether the above mentioned opportunities and threats apply to your situation. For an example of such an analysis, please refer to chapter 7 of the CBI market survey 'The Natural Stone and Stone Products Market in the EU'.

Useful sources

- EU Expanding Exports Helpdesk:
  http://export-help.cec.eu.int/ ➔ go to: trade statistics
- Eurostat – official statistical office of the EU:
  http://epp.eurostat.cec.eu.int ➔ go to 'themes' on the left side of the home page ➔ go to 'external trade' ➔ go to 'data – full view' ➔ go to 'external trade - detailed data

4 Prices developments

- Due to expanding supply of cheap natural stone, the Belgian market has seen the average price of stone drop in all forms of trade; consumption, production, import and export. This is a global trend that is not expected to stop any time soon. Prices will keep dropping as the technological development of developing countries fuelled by foreign investment continues.
- Find listed below some websites for price information:
  - Stone projects:
    http://www.stoneprojects.be/ ➔ go to "prijzen"
  - Stone source:
    http://www.stonesource.com/
  - Find stone website:
    http://www.findstone.com

5 Market access requirements

As a manufacturer in a developing country preparing to access Belgium, you should be aware of the market access requirements of your trading partners and the Belgian government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

[3] The ten new Member States are: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. Bulgaria and Romania have not yet been included in this market survey because they just entered the EU in 2007 and are therefore considered to be Extra-EU countries.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select natural stone products and Belgium in the category search, click on the search button and click on market access requirements.

Additional information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm

Information on tariffs and quota can be found at http://export-help.cec.eu.int/

Information on eco-labelling and packaging legislation is included in the CBI market information database.

6 Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Advertising

As mentioned before importing parties in Belgium usually deal with agents in the supplying country. Establishing a relation with the agent is therefore the first step to gaining access to the Belgium market.

The agents promote the products of their clientele at trade shows. Producers can also participate in these trade shows, however often indirectly through the agent. The most important natural trade shows in Belgium are the Stone Expo and Technipierre. Displaying products at German and Dutch trade shows might also help to establish a relation with players in the Belgian market.

Service

In a market where competition is fierce and margins are small, it is becoming increasingly important to be a reliable partner. Delivering according to agreements and effective communication are crucial for your trading partner and necessary for developing a long-term business relationship.

Useful sources

- Natural stone magazine for the Belgian, Dutch and Luxembourg market: http://www.vakbladnatuursteen.nl/
- Stone Expo (large Belgian biannual trade show): http://www.mopro.be/beurzen.asp?lang=en&currBeurs=9&type=prof
- Stone Tec (big German annual trade show): http://www.stone-tec.com
- Interior design trade show: http://www.bois-habitat.com/

This survey was compiled for CBI by CREM BV